



January 22, 2021

The Honorable Guy Guzzone, Chair  
Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, MD 21401

**Oppose - SB 113 – Opportunity Zone – Capital Gains Tax Deduction**

Dear Senator, Guzzone and Committee Members:

The NAIOP Maryland Chapters represent more than 700 companies involved in all aspects of commercial, industrial and mixed-use real estate. On behalf of our member companies, I'm writing today in opposition to Senate bill 113 which would apply capital gains taxes to certain opportunity zone development projects.

The bill requires a person to add back the amount of capital gains that are deferred or excluded under the under the federal Qualified Opportunity Zones Program making these gains taxable for State income tax purposes.

While there may be some disagreement about creation and structure of the Opportunity Zone program, it is already underway and has been a catalyst for beneficial development. One example is the Southern Gateway, a \$152 million mixed-use development in College Park. [please see attached summary] Opportunity Zone investors provided 1/3 of the capital investment in this project.

NAIOP is concerned about disincentive fundamentally changing the tax status of Opportunity Zone projects provides for future projects and the difficulties posed by retroactively applying tax to mature projects.

**For these reasons NAIOP respectfully recommends your unfavorable report on SB 113.**

Sincerely;

A handwritten signature in blue ink, appearing to read "T.M. Ballentine".

Tom Ballentine, Vice President for Policy  
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: Senate Budget and Taxation Committee Members  
Nick Manis – Manis, Canning Assoc.

# Opportunity Zone Project: Southern Gateway



- Located in College Park (District 3)
- \$152 million mixed-use development
- \$55 million in Opportunity Zone Funds
- \$500,000 EDI Fund financing
- 393 market-rate residential units
- 641 structured parking spaces
- 60,000 SF of retail space
- CR-77-2018 authorized 60% PILOT (15 years)
- City of College Park offered 60% Revitalization Tax Credits (15 years)
- Developer: Bozzuto